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| S4 | 313 | S3 NOT PY>2000 |
| S5 | 187 | RD (unique items) |
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TS6/9/4

6/9/4 (Item 4 from file: 9)

DIALOG(R) File 9:Business & Industry(R)
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2754222 Supplier Number: 02754222 (THIS IS THE FULLTEXT)

"C2C" Direct Card Payment Programs are Taking Off

(Credit card-issuing banks are making moves to expand into the cardless consumer-to-consumer payment market)

Credit Card News, p 1+

March 15, 2000

DOCUMENT TYPE: Newsletter (United States)

LANGUAGE: English RECORD TYPE: Fulltext

WORD COUNT: 844

ABSTRACT:

Credit card-issuing banks are making moves to expand into the cardless consumer-to-consumer payment market. Wells Fargo and Bank One Corp both made deals to bring credit cards into check-dominated markets. These markets include buying items from online auctions and sending money to relatives. In Bank One's eMoneyMail services, the firm acts as the merchant in transactions. Wells Fargo's pact with eBay.com allows buyers and sellers to accept credit card payments online; eBay forecasts \$4 bil in sales in 2000.

TEXT:

Internet companies who are pioneering cardless consumer-to-consumer payments are finding credit card-issuing banks rushing to stake their claims as businesses expand into this rapidly growing new territory.

Chicago-based Bank One Corp. and San Francisco-based Wells Fargo both introduced deals that would bring credit cards into markets dominated by checks, such as sending money to relatives and buying items from online auctions.

Fleet Card Services also threw its hat in the ring this week, announcing a deal with Providence, R.I.-based Tradesafe.com, which provides an escrow service so that consumers can accept credit card payments over the Internet. Fleet will provide processing services and a payment gateway.

Bank One's eMoneyMail allows consumers to send up to \$500 per transaction using Visa credit or debit cards or a checking account for a \$1 fee, targeting people who normally send a check through the mail, such as parents sending money to their children in college or people sending money as a gift. "In the near future, consumers will be able to use other major credit cards," says Robin Yocum, vice president of external relations at Bank One's retail division. Consumers don't have to be Bank One customers or open separate accounts with eMoneyMail.com to use the service. Bank One chose \$500 as the transaction limit because it's also the highest amount the bank allows customers to take out at automated teller machines. It's also the limit most people want to send, according to Yocum. "Ninety-five percent of all transactions our customers would want to make are under \$500," he says.

The Holy Grail

Bank One, which is acting as the merchant in these transactions, wouldn't disclose how it was addressing the interchange fee. "As far as the Internet is concerned, the Holy Grail is a payment mechanism that avoids an

interchange fee," says Ted Iacobuzio, senior analyst in the consumer credit practice at TowerGroup.

Those receiving the money don't pay anything, unless they want a check printed, which costs them an additional \$1. To use the service, consumers go to the Web site www.emoneymail.com and choose the payment method, then type the receiver's e-mail address and send the message that includes a link to eMoneyMail.

The person receiving the message clicks onto the message link and indicates how he or she wants to accept the payment: as a credit on a Visa credit or debit card, as a direct deposit into his or her checking account, or as a paper check.

Payments sent credit card-to-credit card or debit card-to-debit card are cleared immediately, while payments sent from card to checking account or checking account to checking account will clear within three to four days.

To prevent fraud, eMoneyMail uses 128-bit encryption security. Bank One also vows it won't use or sell consumers' information for other purposes, including marketing other bank services, Yocum says.

Bank One will market its new product through other banks, as well as its own online site, and through other business partners unnamed as of yet. "We did not create this to be an exclusive product for Bank One," Yocum says. However, Yocum didn't disclose whether Bank One would charge other issuers to offer this service to customers or rely on the user fee to make its money.

Tradesafe.com charges consumers 3.5% of the transaction plus 50 cents, and guarantees the selling party against chargebacks, says Kenneth J. Pereira, chief executive. TradeSafe also limits transactions to \$1,200 or less, he says, to limit its potential liability. The deal is nonexclusive, Pereira says, and Tradesafe plans to set up similar deals with as-yet unnamed financial institutions.

Iacobuzio questions how large a market there exists for an online wire transfer service. "On the face of this, it seems to be a niche product," he says. Although, serving a smaller market may not be a bad thing for Bank One. "I think it's modest in its aims and it may succeed as a result," he adds.

Easing eBay Payments

Wells Fargo announced an alliance last month with eBay.com to allow its 10 million buyers and sellers to accept credit card payments online, eBay forecasts \$4 billion in sales this year.

Last spring, eBay.com acquired Billpoint.com, an Internet ISO that enables card-to-card payments. Despite the acquisition, eBay.com executives realized that it couldn't handle merchant acquiring on its own. That is when it turned to Internet-banking veteran Wells Fargo, says Janet Crane, Billpoint.com's president.

Wells Fargo purchased a 35% equity stake in Billpoint.com. Billpoint.com will provide the front-end technology to the customer, while Wells Fargo will facilitate routing and processing the credit card transactions, says Debra Rossi, Wells Fargo vice president.

Wells Fargo also will screen credit card transactions, checking for

fraudulent activity. The service costs 35 cents per transaction plus 3.5% of the sale. For sales under \$10, the fee is 35 cents only.

"We saw this as a market opportunity," says Michelle Banaugh, Wells Fargo's senior vice president of e-commerce. "The C2C (card-to-card) space has been evolving over the last couple of years. And a company with sales like eBay.com gets the attention of the financial services community."

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INDUSTRY NAMES: Financial services

PRODUCT NAMES: Personal credit institutions and credit and debit cards
(614000)

CONCEPT TERMS: All company; All product and service information; Internet activity; Product development

GEOGRAPHIC NAMES: North America (NOAX); United States (USA)

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